

STATE OF TENNESSEE

Office of the Attorney General



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TN REGULATORY AUTHORITY
DOCKET ROOM

ANDY D. BENNETT
CHIEF DEPUTY ATTORNEY GENERAL

LUCY HONEY HAYNES
ASSOCIATE CHIEF DEPUTY
ATTORNEY GENERAL

PAUL G. SUMMERS
ATTORNEY GENERAL AND REPORTER

MAILING ADDRESS

P.O. BOX 20207
NASHVILLE, TN 37202

MICHAEL E. MOORE
SOLICITOR GENERAL

CORDELL HULL AND JOHN SEVIER
STATE OFFICE BUILDINGS

TELEPHONE 615-741-3491
FACSIMILE 615-741-2009

Reply to:
Consumer Advocate and Protection Division
Post Office Box 20207
Nashville, TN 37202

December 2, 2002

Chairman Sara Kyle
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243

**RE: IN RE: UNITED CITIES GAS COMPANY, a Division of ATMOS ENERGY
CORPORATION, PETITION TO AMEND THE PERFORMANCE BASED RATEMAKING
RIDER**

Docket No: 02-00850

Dear Chairman Kyle:

Enclosed is an original and thirteen copies of a Petition to Intervene for filing with the Tennessee Regulatory Authority in the above-referenced matter. Please be advised that we have served copies on all parties of record. If you have any questions, kindly contact me at (615) 741-8733. Thank you.

Sincerely,

V. B. w/permission

Vance Broemel
Assistant Attorney General

Enclosures

**IN THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

IN RE:

UNITED CITIES GAS COMPANY, A)	
DIVISION OF ATMOS ENERGY)	
CORPORATION, PETITION TO)	DOCKET NO. 02-00850
AMEND THE PERFORMANCE BASED)	
RATEMAKING RIDER)	

PETITION TO INTERVENE

Comes Paul G. Summers, the Attorney General for the State of Tennessee, through the Consumer Advocate and Protection Division of the Office of Attorney General (hereinafter "Attorney General"), pursuant to Tenn. Code Ann. § 65-4-118(c)(2)(A), and petitions to intervene in this docket on behalf of the public interest because consumers may be adversely affected by United Cities Gas Company's Petition to Amend the Performance Based Ratemaking Mechanism Rider. For cause, the Petitioner would show as follows:

1. The Consumer Advocate Division of the Office of the Attorney General is authorized by Tenn. Code Ann. § 65-4-118 (c)(2)(A) to initiate a contested case, and participate or intervene in proceedings to represent the interests of Tennessee consumers in accordance with the Uniform Administrative Procedures Act ("UAPA").
2. United Cities Gas Company ("UCG") is a company regulated by the Tennessee Regulatory Authority ("TRA"). UCG sells natural gas to consumers in the State of Tennessee.

3. The present docket, Docket No. 02-00850, involves an amendment to the current Performance Based Ratemaking Tariff which would incorporate a transportation index factor incentive mechanism.

4. The Consumer Advocate and Protection Division ("CAPD") has previously intervened in a case pending before the TRA involving the approval of an Incentive Plan or Performance Based Ratemaking tariff in Docket No. 97-01364. This docket was decided in two phases and allowed UCG to continue operating under a modified Incentive Plan that would roll over for each additional plan year on April 1st, beginning April 1, 1999. United Cities' performance was recently audited by the Energy and Water Division of the TRA for the second year of the permanent plan period of April 1, 2000 to March 31, 2001. This audit is contained in Docket No. 01-00704.

5. In accordance with the audit filing in Docket No. 01-00704 by the Energy and Water Division of the TRA that was issued on April 10, 2002, the Consumer Advocate and Protection Division supported the findings that (1) UCG should revise its calculations for the current plan year to eliminate the alleged savings generated from negotiated transportation contracts and the alleged savings generated from the NORA calculation of avoided transportation costs (correct amount should be \$592,013.00); (2) UCG's method for calculation of interest should be revised to conform with the tariff (under-recovery of \$11,271); (3) UCG's customer surcharge should be terminated; and (4) UCG should comply with the PGA Rule (Reserve Margin should be 7.5% or less).

6. The CAPD further supported the finding by the TRA staff's audit that there is a resulting net over recovery of \$580,742 by UCG in the calculation concerning the surcharge of

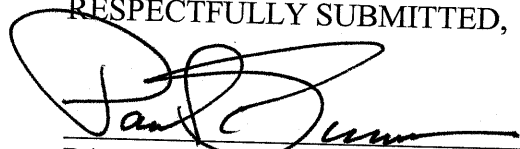
customers.

7. The present filing by UCG seeks to make explicit the incorporation of transportation costs which United Cities alleges are implicit in the current Incentive Plan in Docket No. 01-00704. As set forth above, the CAPD opposes United Cities' position on transportation costs. It is, therefore, anticipated that the present case will involve issues related to or affecting matters in the Docket Nos. 97-01364 and 01-00704, in which the CAPD has intervened. Accordingly, intervention by the CAPD is necessary in the present case in order to assure that issues in dockets related to the Incentive Plan are properly and consistently addressed.

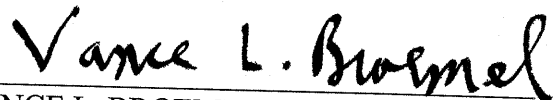
8. Only by intervening and participating in this proceeding can the CAPD work to protect the public interest.

Wherefore the Petitioner prays the Authority to grant its Petition to Intervene.

RESPECTFULLY SUBMITTED,



PAUL G. SUMMERS, B.P.R. #6285
Attorney General
State of Tennessee



VANCE L. BROEMEL, B.P.R. #011421
Assistant Attorney General
Office of the Attorney General
Consumer Advocate and Protection Division
P.O. Box 20207
Nashville, Tennessee 37202
(615) 741-8733

Dated: November __, 2002

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via hand delivery or facsimile on November 2, 2002.

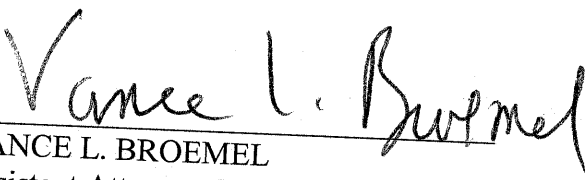
Sara Kyle, Esq.
Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243

Richard Collier, Esq.
General Counsel
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505
(615) 741-5015

Joe A. Conner, Esq.
Baker, Donelson, Bearman & Caldwell
1800 Republic Centre
633 Chestnut Street
Chattanooga, Tennessee 37450-1800

Bob Cline
Manager - Rate Administration
Atmos Energy Corporation
381 Riverside Drive, Suite 600
Franklin, Tennessee 37064-5393

Patricia J. Childers
Manager - Regulatory Affairs
United Cities Gas Corporation
810 Crescent Centre Drive, Suite 600
Franklin, Tennessee 37064-5393


VANCE L. BROEMEL
Assistant Attorney General